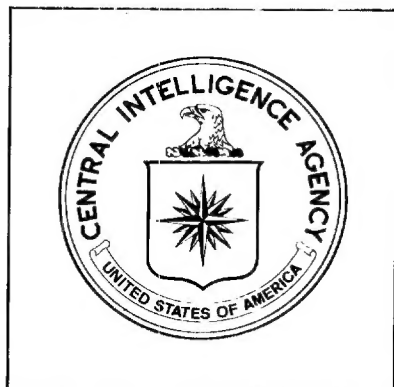


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SOVIET UNION - EASTERN EUROPE

This publication is prepared for regional specialists in the Washington community by the USSR - Eastern Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Second High-Level Romanian in China

1 Iosif Banc, party secretary for economic affairs, arrived in Peking on Saturday.

1 2 Banc's visit is the second in two weeks by a high-level Romanian party official. Ilie Verdet, party secretary for cadre affairs, held talks in Peking from September 5 to 9 (*Staff Notes*, September 9).

1 2 The purpose and length of Banc's trip have not been announced, but he will undoubtedly seek Chinese aid to overcome the effects of the devastating floods in Romania in late June and early July. Five years ago, the Chinese gave Romania extensive flood recovery aid. Banc may also represent the Ceausescu regime at China's national day celebrations on October 1.

2 The Verdet and Banc visits underscore Romania's determination to continue its close ties to China, particularly at a time when Moscow and its loyalist allies are pursuing a sharpened anti-Maoist campaign. (CONFIDENTIAL)

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Soviets Receive Bengali Envoy

The Bengali government sent a special envoy to Moscow last week for three days of talks with Soviet officials. The visit seems to have been intended mainly to reassure the Soviets that the new government is sincere about wanting to continue to cooperate with Moscow.

Up to now, at least, the Soviets seem to have been of two minds in assessing the import of recent events in Bangladesh. The Soviet who heads the Pakistan-Bangladesh section at the Oriental Studies Institute recently told a Western official that the coup was the result of a personal vendetta between Mujib and the coup leaders (this was indeed one of the causes of the coup) and that there was no significant external involvement. He was quite relaxed about China's early recognition of the new government, arguing that the coup had probably advanced it only by a matter of months. The chief of the Foreign Ministry's South Asian Division took a less sanguine line. He hinted that the majors who had instigated the coup were working for "someone" and wondered aloud why China, after waiting three years, had chosen the present moment to recognize Bangladesh. The Foreign Ministry official was new to his job and has spent most of his career on Far East, not South Asian, matters. His remarks are, however, more in keeping with Soviet press coverage of the Bangladesh situation since the coup and probably reflect views held by other influential people within the USSR. Moscow has dealt with the new regime as though nothing had changed, but it has kept up a steady drumbeat of propaganda to try to ensure that the new Bengali government hews closely to Mujib's foreign policies. (CONFIDENTIAL)

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More on Ponomarev's First Deputy

25X1C A [REDACTED] official has reported that Vadim Zagladin was introduced to him in the summer of 1975 as "First Deputy to Ponomarev." His report supports our earlier (and still officially unconfirmed) speculation that Zagladin has been promoted from deputy to first deputy chief of the Central Committee's International Department (*Staff Notes*, June 25, 1975). The tipoff to Zagladin's apparent promotion was his election in June to the RSFSR Supreme Soviet--a distinction usually reserved in the Central Committee apparatus for chiefs and first deputy chiefs of departments. Zagladin apparently replaced Yelizar Kuskov, who has made no public appearances in almost a year and, according to one report, is seriously ill. The position of first deputy to Ponomarev may be a demanding one: The [REDACTED] official reported that Zagladin, too, seemed in ill health. (SECRET NO FOREIGN DISSEM)

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Annex

Soviet Relations with Eastern Europe
(August 3 - September 13, 1975)

CEMA and the Soviet Campaign for Closer Economic Integration

A working session of senior officials was convened in Moscow in mid-September to prepare for a CEMA summit of party and government leaders in November. Details of this meeting have been tightly held, but there are indications of numerous differences on a broad range of subjects. The summit is intended by Moscow as another step in its campaign to promote closer economic integration in Eastern Europe, but continuing differences may postpone its scheduled opening in November.

Moscow had attempted to achieve breakthroughs that would promote closer economic integration within CEMA when the organization convened last June in Budapest for its 29th formal session. The Budapest meeting did adopt a "coordinated plan" drawing together existing multilateral projects, such as the Orenburg natural gas pipeline, and promoted the idea of economic plan coordination, but in fact the results of the meeting were less than met the eye.

A series of reports appeared both before and after the Budapest meeting that Hungary, Bulgaria, and Czechoslovakia would not be able to meet their commitments to provide skilled manpower in building the Orenburg pipeline. This situation evidently led to a renegotiation of their agreements. These countries would now offer credits to the USSR for the purchase of machinery and equipment, allocations of hard currency for purchases of such items in the West, and deliveries of consumer goods to the USSR to offset local construction costs. In addition, the Czechoslovaks would also be given the task of building additional transit pipelines connecting

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the Orenburg line with Western Europe so that Moscow could sell the natural gas delivered by the fraternal project in hard-currency markets.

Economic plan coordination, in CEMA terminology, means largely that the five-year foreign trade agreements between the CEMA member states will be included in their respective five-year plan documents. This goal is being attained by bilateral negotiations between the USSR and each East European country, rather than within the CEMA framework. The first 1976-80 plan coordination protocol was signed with the East Germans in late July. It was followed by similar protocols with Poland in early August, Czechoslovakia in late August, and Hungary in early September. The usually compliant Bulgarians have not yet signed a coordination protocol, however, and the Romanians have gone no further than preliminary negotiations.

The coordination protocols already signed reflect the difficulties imposed on the East Europeans by the sharp increases in the price of Soviet fuel and raw materials. The East Europeans are undertaking a sharply higher volume of exchanges in heavy machinery and equipment, but no details except the quantities of these goods have been worked out. Furthermore, deliveries of Soviet raw materials and fuels are in part linked to the participation of the East European countries in bilateral and multilateral schemes for developing Soviet resources. In any case, the East Europeans will receive less than they need. The problems encountered during the negotiations on the coordination protocols over pricing, energy, planning, and coordination will probably head the agenda for the fall CEMA summit.

Preparations for the European Communist Party Conference Stall

Following a series of contentious preparatory meetings in East Berlin through mid-July, Moscow

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may have decided to put its long-sought European Communist conference on the back burner.

The independent-minded Italians, Yugoslavs, Spaniards, and Romanians have blocked Soviet attempts to draft a final conference document that would commit the parties to ideological and policy coordination. In response Moscow has stepped up its behind-the-scenes lobbying and now says it is no longer insisting on an opening date prior to the Soviet party congress next February. Contrary opinions are heard from the East Germans who expect to be host to the full-dress meeting later this fall. The mixed signals may be an intentional effort to keep all options open.

At the same time, Moscow has loosed sharp attacks against both those who would subordinate their revolutionary obligations to the compromises of bourgeois democracy and those who fail to recognize the threat to the communist movement posed by Maoism. These attacks have caused a flurry in Eastern Europe, and Moscow--by getting its views on record--may be trying to force the independent-minded parties to attack the issues openly rather than continue their tactic of blocking the conference preparations by disputing the nature and content of its concluding document. Through these attacks, Moscow has tried to establish the framework for ideological debate within the movement and if it cannot get acquiescence to its leadership through a European conference, it may seek to claim it through an open polemic.

Brezhnev Meets Husak - Again

Multilateral "vacation" conferences in the Crimea of Soviet and East European leaders were the rule from 1971 to 1973, and in 1974 a number of bilateral meetings were held in early August. Because of the numerous meetings between Brezhnev and

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his East European counterparts at the European security summit in Helsinki, there was no expectation that they would convene again in early August in the Crimea. Czechoslovak party leader and President Husak nevertheless showed up on August 10 for a day with Brezhnev. The official Tass report was sparse, but they were said to have endorsed the CSCE outcome and to have discussed current issues in foreign affairs and inter-party relations. A week after Husak's meeting with Brezhnev speculation appeared in the Western press that the two men had also talked about the problems created by Czechoslovak political dissidents and intellectuals.

There have been numerous reports since the 1968 invasion that the dissidents have attempted to open their own channels of communication with the Soviet leadership, while at the same time they were enlisting the support of other foreign Communists and allowing their letters and journals to appear in print in the West. By the spring of this year, the Prague regime's tolerance had reached its limit, and Husak himself sharply denounced the dissidents after a letter by Dubcek was published in the West. The ensuing denunciation campaign provoked criticism from prominent Western communists and non-communists, and it conflicted with the reasonable image the Soviets were attempting to project during their buildup for the 30th anniversary of the end of World War II and the Helsinki summit. Meanwhile, Husak had decided to move into the President's post, and he knew his own image as a statesman would have to be enhanced before he flew to Helsinki.

The anti-dissident campaign was abruptly shut down in May, shortly before Husak's elevation. Moscow and Prague may have agreed that the attacks were not only not intimidating the dissidents, but were calling Western attention to the painful and lingering consequences of the 1968 invasion. With the

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mixed reviews accorded Moscow in the West for its policy of peace and reasonableness as embodied in the Helsinki accord, Brezhnev and Husak may well have decided at their Crimea meeting to continue the stand-down, at least for as long as Moscow persists in its post-Helsinki pose as the leading advocate of security and cooperation in Europe.
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